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Transportation Group

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Classified to: TS

Weekly Intelligence Summary No. 9

Auth: DDA REG. 77/1763

Date: 1 May 78 By: 028

CIVIL AVIATION

1. Czechoslovak Airlines (CSA) has given no indication that it will abandon its efforts to regularize and extend its operations beyond the Mediterranean. It has failed, however, to acquire US or Canadian types of four-engine transport aircraft. The Prague press has announced that the USSR has offered to make four-engine aircraft available to CSA and that these will be used to inaugurate her services to South Africa and India. However, the USSR has hitherto shown indifference to satellite airlines and has given them very little material aid. There seems no reason to expect an immediate change in this policy. CSA will encounter considerable resistance to its plans for expansion on the part of countries along its proposed new routes. Following US suggestions, Greece will gradually reduce clearances for CSA flights through Athens to two per month. The UK has persuaded Iraq to refuse CSA landing rights at Baghdad. Iran, moreover, may be counted on to deny CSA permission for regular flights to Tehran. Pakistan and India, likewise, have been apprised of US-UK opposition to CSA expansion and appear inclined to cooperate.

2. Polish and Swiss officials are negotiating in Warsaw for a permanent civil air agreement which would permit the Polish airline (LOT) to operate flights from Warsaw to Zurich twice weekly, and would grant the Swiss similar rights into Warsaw via Prague. Poland apparently desires to fly a direct route to Switzerland across the US-Zone, Germany, and has already requested US permission. The US has indicated a willingness to grant the Polish request if Poland extends transit rights to the US through Polish territory and commercial rights at Warsaw to US civil air carriers.

3. Acquisition from Lebanon of a Junkers JU-52 by the Government of Yemen may herald the establishment of a commercial airline in this primitive Arab kingdom. In May 1947 a TWA representative discussed with Prince Abdullah and the US Minister the possibility of US technical assistance for the operation of an air service in Yemen. It is possible that the new ruler of Yemen, following the example of Saudi Arabia, will seek US assistance in the construction of airfields and operation of a commercial airline, and that he will offer the US airport sites in return for the services of an air mission.

4. A truce agreement between Arabs and Jews regarding Lydda Airport is being sought by the Manager (a Palestine Government official) in order to maintain the international status of the airport after 16 May. At present the airport is being operated by an equally divided Arab-Jewish staff under two British officials. Threats have been made by both sides that violence will be used in an attempt to capture the airport after British evacuation.

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6. Continued US interest in developing Vienna as an important international air traffic center is shown in the recent survey by USFA technicians of equipment required to operate Austrian civil air facilities under ICAO safety standards. It is anticipated that the US will agree to transfer US-installed equipment to Austria under the terms of an air service agreement which would come into force following the conclusion of the Austrian Peace Treaty and the termination of the present four-power occupation. The US has consistently advanced the cause of future Austrian civil aviation in the Allied Control Commission, and was largely responsible for the establishment (despite Soviet obstructionist tactics) of a Civil Aviation Department in the Austrian Government. In addition, the US has concluded a provisional air agreement with Austria, and has indicated that it will support the Austrian application for membership in ICAO.

### Third Report on Clandestine Air Operations

A further report can now be made on the investigation of certain clandestine air operations in Europe. (See TG Weekly Summary No. 7, 12 April)

Example (a): US personnel of the American-owned Service Airlines (which was previously reported carrying arms through Geneva in a flight to Castiglione de Lago, Italy) are now reported (by US Embassy Athens) involved in a US-British effort to deliver aircraft to Jewish forces in Palestine. Four British Anson aircraft have been grounded on the island of Rhodes for irregularities in flight papers and the US and British crews have been detained for illegal entry and lack of visas. Investigation by British officials accompanied by the US AIAA discloses that the Americans are employed by Service Airlines of New York, an organization set up to assemble and export surplus aircraft to Palestine on a regular basis. The American manager of the Rome office of Service Airlines is known by the British to have engaged in activities on behalf of the Jewish underground. A joint US-British plan is believed to be disclosed for establishment and supply of a small Zionist Air force. Through the Shell Oil representative at Rhodes, it is learned that eight more aircraft in addition to the four already arrived may be expected. As the aircraft at Rhodes are British-owned and as a British subject was in charge of the flight, it is not expected that the Americans will be held liable. The US Embassy is returning the Americans directly to the US providing the Greek Government decides not to prosecute them. (Since 15 April, all aircraft and aircraft parts are required to be licensed for export by the State Department. While this gives the Department control over US exports, aircraft of foreign registry must be cleared by the Department, providing the exporting country has a reciprocal air agreement with the US. For example, Panama has such an agreement and Service Airlines has transferred a number of aircraft to its Panamanian subsidiary "Aerocas de Panama", thus legally avoiding the US export controls.)

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Example (b): No additional facts of importance have been uncovered regarding the US-owned C-54 which loaded a cargo at Prague, Czechoslovakia, under guard of the Security Police. It is learned that the aircraft did land in Palestine as stated by the pilot. British Intelligence agents are attempting to locate the Englishman, Cooper, who chartered the aircraft in Paris for this flight. US Embassy Prague believes the cargo to have been small arms and ammunition and not surgical instruments as stated by the pilot. It is quite possible, however, that the pilot stated the truth, as several days after delivery of the cargo, a Jewish mobile hospital (20 trucks) was ambushed in this area. Twelve doctors were killed and some nurses killed and wounded by shell fire.

Example (c): The Czechoslovak Airline's special landings in North Italy were carried out under close Italian surveillance. No irregularities were noted. Suspicion was aroused concerning the purpose of these flights to haul "cut timber", through a mistranslation of the original Czechoslovak request to pick up cargoes of "cut flowers". (The Italian Riviera exports large quantities of flowers.) From other sources, however, there are strong indications that clandestine air operations have taken place in North Italy although no landings have been definitely observed.

#### Canadian Air Policy Reviewed

There are indications that Canada is reviewing its international civil air policy in view of current and anticipated negotiations with several countries for bilateral air agreements. While Canada has consistently refused to grant Fifth Freedom traffic rights to foreign air carriers, this controversial issue will certainly be raised. (In a bilateral air agreement, the so-called Fifth Freedom is the right of one contracting party to pick up or put down in territory of the other country, air traffic destined for or originating in a third country.) Any weakening of Canada's past opposition to either the bilateral or multilateral exchange of Fifth Freedom rights is of interest to the US for its significance in contributing to the freest possible development of international air commerce, which the US strongly favors. Moreover, Canada's position assumes special importance because of her informal leadership of British Dominion opposition to the US-UK sponsorship of a multilateral Fifth Freedom agreement.

Canada's consistent reluctance to grant Fifth Freedom rights to any nation is the logical result of her relatively weak competitive position and her own limited plans for further expansion of Canadian-flag air services. Canada's international airline has not yet operated beyond the UK and the US. Therefore, Canada has not been in a position to benefit from a reciprocal exchange of Fifth Freedom rights with most other nations, and fears that the premature granting of these rights would dissipate her own eventual bargaining position.

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The only Fifth Freedom desires which Canada herself is known to entertain are those on planned routes through the US to Bermuda and the West Indies and through the US and Hawaii on her projected operations to Australia. Therefore, it is unlikely that Canada would allow full Fifth Freedom rights to be implemented with other countries before her own desires for such privileges are fulfilled by a satisfactory revision of her present air agreement with the US. Accordingly, it is improbable that Canada will actually revise its stand at this time, although it may nominally recognize Fifth Freedom rights in forthcoming agreements.

A possible exception to Canada's continued rejection of Fifth Freedom rights lies in the current negotiations with Peru. While Peru is pressing for full traffic rights along the entire route to Canada, the latter will probably protect its present New York-Toronto service from indirect Peruvian competition by reserving out all Fifth Freedom traffic between Canada and the US, and in any case between Canada and New York. A Canadian decision to modify past policy in this case may be determined by the partial Canadian ownership of Peruvian International Airways, which will operate into Canada under the proposed bilateral agreement.

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